

**THE STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS  
AND ADMINISTRATION  
EVIDENCE**

**OTTAWA, Monday, August 12, 2013**

The Standing Committee on Internal Economy, Budgets and Administration met this day at 6:30 p.m. in camera to consider financial and administrative matters.

**Senator Gerald Comeau** (*Chair*) in the chair.

**The Chair:** We are able to proceed with the meeting. I would like to welcome Gary Timm and Alan Stewart, partners of Deloitte & Touche, to the committee. Please proceed, if you have any opening statements.

**Gary Timm, Partner, Financial Advisory, Deloitte:** I apologize; the projectors are not actually working. There is a bit of a technical problem here.

**The Chair:** Yes.

**Mr. Timm:** I apologize for starting this way. We actually did try this this morning. I apologize for the delay. It actually did work this morning.

As you asked, Senator Comeau, in terms of any opening statement, today we will try to walk you through a presentation which will cover the report we have issued. If it is okay with everyone, we will walk through that at this point.

As a starting point, we will start with what our mandate was. Basically, the mandate started out initially to look at an 18-month period of April 2011 to September 2012 with respect to the travel claims that were submitted and reimbursed to Senator Wallin during that period.

We then, from that point, did a presentation to the steering committee back in April 2013, and based on our initial review, we then were extended to initially cover one further period or one year, and then eventually we were to cover the entire period from January 2009 through to September 2012, as well as the travel and living allowance claims.

In terms of reviewing the travel claims, we were asked to look at it from the point of view of categorizing the claims after we reviewed them in three categories: appropriate in keeping with Senate practice, amounts that could be reimbursable to the Receiver General, and the third category would be subject to interpretation by the committee here, the steering committee of Internal Economy.

In terms of looking at information, we have looked at a significant amount of documentation, the travel claims, et cetera. I do not expect anyone to read this. It is all within the report. We interviewed a number of individuals as well, and lastly, we also got some extra information from Senator Wallin after a meeting with her and her counsel.

The one thing I want to point out at this point, before we go forward, is that actually Senator Wallin and her office throughout this entire period were very cooperative with us. They provided information and details and so on throughout the entire period, as late as our meeting together in late July, on July 24. I want to point that out as well.

In terms of our presentation today, it will be in three parts. The first part will be around framework and guidelines, and there are three areas up on the board that we will talk to. Then we will talk to the assessment of the expense claims themselves, the basis of doing that and how we went about that assessment. Then we will deal with the living allowances themselves, and again, the areas of what we did there to assess those claims.

In terms of the guidelines related to the claims, what is up on the screen now is we looked at the SARs, the travel policy, the travel guidelines and various documents and amendments throughout the period of the review. That is all that slide is really outlining at this point, throughout the period.

Here there are a couple of quotes from the resource guide and so on, but mainly when we were looking at the expenses, we were looking at the principle of were the expenses or the events as we reviewed them along the lines of the parliamentary functions as we understood that Senator Wallin was involved in. That is generally what that slide is dealing with.

The parliamentary functions themselves, the next slide, is just dealing with the definition of parliamentary functions. Basically, from that, it identifies public business, including partisan matters as well, but it identifies, in this case, two specific items: the election of members of the House of Commons during elections that are not to be included and the private business interests of a senator. Again, we were guided somewhat by that as well.

Again, in assessing the claims, we still went by the principle around the parliamentary functions and Senate business. We were guided, as the slide says and as our report says, somewhat by the new travel policy, the Appendix A, where there are examples in that appendix. As Alan goes through, you will see we were not relying on it, we were guided by it.

We also had heard from the steering committee back in April in terms of some of the items we put forward to them, so that helped in the guiding, but it really did not end up included in any of our decisions around the different expenses.

Lastly, the one thing we want to point out is we have only looked at Senator Wallin's expenses. We have not looked at any other senators' expenses, so we want to make sure that is an important point to point out and we put that in our report as a restriction as well, that we have not done that. That is an important thing as well.

Moving forward in terms of the actual assessment . . .

**Alan Stewart, Partner, Forensics, Financial Advisory, Deloitte:** That guides us through the mandate and the framework that we looked at each of the travel claims under, and now I am going to talk about our specific analysis of Senator Wallin's claims.

As Gary said, we looked at parliamentary functions and on the slide and in the report it sets out that Senator Wallin was active in a number of areas on a number of committees, I do not need to go through them and remind you of all of them. She was also involved in a number of non-Senate activities, being a board member of public companies and other organizations, and she also was a very popular public speaker and regularly spoke at conferences and other events. In that last regard, a question was raised throughout our review as to whether Senator Wallin received any remuneration for speaking events. We asked her that, and she told us that she was remunerated on one occasion, she believed very early on in her tenure as a senator, which she addressed with the Ethics Commissioner at the time, and did not receive any other remuneration after that for the speaking events that she undertook.

In assessing Senator Wallin's travel claims we sought information. We sought it from a variety of sources. The claims themselves generally, or mostly, just contained the narrative "Senate business" which, as we understand it, is the general practice and is permitted under the rules. For a limited number of travel claims there was other information in the claim itself, but much of the information regarding the claims was obtained from Senator Wallin and her assistant during our audit process. As Gary says, she was very cooperative in providing that information.

In addition to that information, and just to be clear with what we are speaking of, because I will speak about the calendars in a minute, Senator Wallin and her current assistant provided us with a Word template of a calendar supporting each of the Senate events that was undertaken for the claims, so that was in Microsoft Word and Excel spreadsheet which contained each of her -- basically a calendar of events with further descriptions of each of the events. We interviewed the senator on a number of occasions with questions, so we obtained that information from Senator Wallin.

We also obtained, from Senate IT, copies of her Microsoft Outlook calendars as they existed electronically on three dates: at the end of June 2013, and backups from the end of December 2012 and December 2011. We also undertook our own research into various events that took place during the time.

Having established what the events were and the various events attended by the senator, we then categorized them, as Gary outlined the three categories. It is important to note that the senator regularly undertook more than one activity or event on any given trip. We have not apportioned the costs of the trips. So, in other words, if the senator flew to a certain location,

undertook three events, one of which was Senate business, then that whole trip has been put in the category of "appropriate," in keeping with Senate practice. We have not apportioned the flight costs in any way amongst the events.

If there was a non-Senate event for which specific costs were claimed during that trip -- so if, for example, mileage was claimed to an event that was not Senate business -- then that has been included in the amounts to be reimbursed on schedule 2.

I will speak now about what we have described in the report as "conflicting information" and the impact that it had on our analysis.

In some cases, the information provided to us currently, so in other words during the audit, by Senator Wallin and her assistant, was inconsistent with the research that we undertook, and also inconsistent with her Microsoft Outlook calendar as it existed at the time of the event.

Let me just step back a little bit. The reason that we obtained the Microsoft Outlook calendars was that we interviewed Senator Wallin's former assistants. We interviewed three of her former assistants and each one of them us told us that they managed -- together with Senator Wallin they managed her activities through this Outlook calendar, so we believed it was important that we obtain the Outlook calendar to see what was going on at the time.

The three Outlook calendars that we got cover basically the same time period. We got what we have described in the report as the live calendar, so the calendar that existed at the end of June 2013. That covers the period from the start, so from January of 2009 right the way through to June of 2013.

We also obtained two backup calendars from December 2012 and December 2011. Those calendars also contain events going back to January of 2009. The December 2011 calendar contains January 2009 up to December 2011 and the December 2012 has the additional year, so January 2009 up until December 2012.

In comparing those three calendars we noticed some differences in terms of the events that were contained on them. We have four examples in the report of some of those differences. I have a couple in the presentation that we walked through with the subcommittee this morning, and I am just going to walk through one or two of them now, if that is appropriate.

Travel claim 05399 was signed and dated June 16 of 2009 for a flight from Ottawa to Toronto on June 4, arriving at Pearson at 9 at night, and the purpose was Senate business, so we had no further information on that flight. The boarding pass again indicates when the senator boarded the flight and that she actually took that flight. The boarding pass indicated boarding at 7:25.

The travel claim further indicates that the senator took the car service from the airport to home, which we would understand to be her address in midtown Toronto from the airport.

Senator Wallin indicated to us that the reason for that claim, and she indicated to us now, so during our audit, that the reason for that claim was that she had been a keynote speaker at the Institute of Corporate Directors fellowship awards, and provided us some details as to what she spoke to.

Her current Outlook calendar, so the 2013 calendar for June 4 of 2009, had an entry for the ICD awards at 7:30 p.m. but did not have an entry for the flight at 8 p.m. Both of the previous calendars, so December of 2011 and December of 2012 for June 4 of 2009, did not have the ICD entry but did have the flight that she did actually take at 8 p.m. That indicates that the calendar had been changed sometime after December 2012 to delete the flight and to add the ICD event. We confirmed with the ICD that the senator had in fact spoken with them but it was in fact in 2008 and not in 2009. Brian Tobin had spoken in 2009.

We addressed that with the senator and she indicated she was obviously mistaken in the year that she had spoken at the awards, but she indicated she may have attended later in the evening in 2009.

I will walk through another example of the changes. This is claim 13651, and it is for a flight from Ottawa to Toronto again, on June 8, arriving at 9 at night and then for a subsequent return to Ottawa the next day on June 9, departing Pearson at 1:10 p.m. Again, the purpose for claim

was stated as Senate business. The boarding pass again confirms the time and the fact that the senator took that flight from Pearson, leaving at 1:10 p.m.

Senator Wallin indicated that she had attended two meetings with two people, who she named for us, that are outlined in the report, and spoke to an adviser to the Royal Bank and someone in the New York City marketing corporation on two separate meetings that day.

In terms of what the calendars reflected for events that day, in the 2011-12 calendars, the original calendars, both contained an entry for the University of Guelph summer convocation but neither contained an entry for these meetings. The current calendar does indicate a meeting in the morning with the two individuals but does not contain the entry for the Guelph convocation, again indicating the calendar was amended after December 2012.

We confirmed from our Internet research that the senator had in fact attended the Guelph convocation on the morning of June 9, which would also be indicated by the time of the flight from Pearson.

The third example, which is in the report, is claim number 13655 for travel on June 18, 2009, arriving at the Island airport in Toronto at 7:30 p.m. The boarding pass again confirmed that the senator took that flight. Senate business was again the purpose of the travel, and the senator again took the car service from the airport to home.

In support of this claim, the senator provided us with details of the true patriot love tribute. It was indicated that she had attended the True Patriot Love Tribute Dinner. The information that accompanied that is actually on the screen. It is a copy of a media advisory that there was a press conference on June 18. The actual dinner itself did not take place until November. The event on June 18 was a press conference; that was at 11:30 in the morning. The senator is on the True Patriot Love Tribute Committee, or was at the time -- I do not know if it still exists. All three calendars actually contain an entry at 11:30 a.m. in Toronto saying "regrets Toronto, the true patriot love kickoff committee meeting and press conference."

The senator, when we addressed this with her, acknowledges, I think, that she could not have attended this -- she was in Ottawa at the time -- given the flights that she took and the boarding passes. Again the calendar contained an entry for June 18 saying "true patriot love." That is the current calendar. Previous calendars had this "regrets" entry. The "regrets" entry remained in the current calendar as well.

We addressed these changes with the senator and her executive assistant in one meeting in late July and then again with the senator, her EA and her counsel on July 24. They provided us the explanation that they have for the changes, which we have appended as Appendix E to our report. We did not want to paraphrase the response; that is why we asked for the response in writing. Let me get to what we can say about the changes to give you some idea of what they were.

The copies of the calendars we have are not forensic images of the calendars, so there are some limitations in what we can and cannot say about them. We are comparing the three calendars, and we can say that 83 entries were identified as only residing on the 2013 calendar, so the current calendar. Think of those as 83 new entries. We can say that 34 entries had some modifications made to them, so they existed in previous calendars but they were somehow modified in terms of the subject line. There is an example of that in the report, the fourth example, where the words "for riding fundraiser" were removed. There were 391 items that appeared in the previous calendars but do not appear now. What we cannot say, for example, is who deleted these items, when they were deleted, because we do not have a true forensic copy or we were not analyzing a true forensic copy. One has been taken now.

The implications of this to our analysis were as follows. The senator indicated that basically they had done this to assist the process in order to clarify what actually took place and to take out some irrelevant and personal information. They also indicated that they had been informed of the results of the first period of our review and therefore had understood what would and would not be considered as Senate business and wanted to make the process as streamlined as possible for us.

We have considered all three Outlook calendars and, while events and flights do change, we all undertake events in our daily life that are not reflected in our calendars and there are events reflected in our calendars that do not actually take place, we found that historical calendars for Senator Wallin, together with the information from the travel claims, such as boarding passes, to

be very useful in determining significant events and travel patterns. We focused on those calendars, rather than on the 2013 calendar as it currently exists, in our assessment of the claims.

A number of the events that Senator Wallin has indicated took place but were not in the previous calendars were what have been termed networking events. They are difficult for us to verify without contacting individuals, and we did not attempt to do so. In other cases we have attempted to verify the event using third-party confirmation or public information.

Now I get to my comfort zone. I talk about numbers. In total, in the period we reviewed, January of 2009 to September 30 of 2012, Senator Wallin claimed \$532,508 of travel expense claims. That does not include living allowance claims that Gary will speak to a little later. We have determined that just over \$390,000 are appropriate in keeping with Senate practice; that \$121,000, just over, are the subject of reimbursement to the Receiver General; and that there is just under \$21,000 that are subject to interpretation by this committee. All those amounts Senator Wallin has already made repayment of just over \$38,000.

In our assessment of the \$390,000 of the travel claims that appear to be appropriate in keeping with Senate practice, we considered the nature of the event and Senator Wallin's parliamentary functions as we discussed a little earlier.

The claims that are subject to reimbursement have been divided into two categories. One category for approximately \$90,000 is travel that was just unrelated to Senate business.

The second category, for about \$31,000, is what we have termed incremental costs to the Senate, and they are the stopover flights, in Toronto generally, from and to Saskatchewan.

The amounts related to non-Senate business, totaling just over \$90,000, fall into a few different categories. They are detailed in Schedule 2 to the report, each claim. I do not propose to go through each claim. They fall into some general categories. They include the claims that were identified by Senator Wallin during this process that she has reimbursed. They include claims that she made for private business commitments made prior to her appointment to the Senate, which she indicated she understood were covered. They include claims returning to Ottawa from private business related to other events that are non-Senate related and some partisan activities such as fundraising.

The incremental costs were just over \$31,000. I will speak in a little detail about this. The senator's general travel pattern to and from Saskatchewan was via Toronto. In doing that, additional costs were incurred to the Senate than having a direct flight or a one-ticket flight through Toronto. In our analysis, we determined those additional costs would be appropriately charged when either there was Senate business in Toronto that the senator was attending and/or the senator was required to be in either Ottawa or Saskatchewan for Senate business at such times of the day that a direct or a connecting flight would not have been reasonable given the approximately two-hour drive that she had at the end in Saskatchewan. We have examined every claim, every stopover, and, in those cases, we have not included any amount for incremental costs.

There is an example in the report, and I have it on the screen, as to where we have calculated an incremental cost. It is a fairly simple example. I will walk through it briefly with you. January 31 of 2011, the senator flew from Saskatoon to Toronto.

**Senator Tkachuk:** What was that date again?

**Mr. Stewart:** January 31 of 2011. It is Table 5 of the report, page 24.

I will walk through the adjustments we have made to this. The senator flew from Saskatoon to Toronto for \$1,954. Generally, the direct flights to Ottawa are consistently \$94 on a ticket that the senator used, \$94 more expensive than the Toronto flight, and so we have credited her, if you like, with that \$94. There are two taxis in Toronto that would not be incurred by the Senate if she did not stop over, so we have deducted those. We have also deducted the Toronto to Ottawa leg of the flight, resulting in a total incremental cost for that stopover of just over \$900.

This stopover that I have given the example of occurred in January of 2011. That is during the period that the senator claimed a secondary residence in Ottawa, so we have not credited her, if you like, with an overnight hotel for this. We have done that in the period where she did not claim a secondary residence in Ottawa. In other words, we have assumed that she would have arrived a day sooner. We have given her credit for a hotel night rather than going to Toronto and

incurring the cost of the flight in the period when she did not claim the secondary residence. That example is \$900 out of the \$31,000, and each of the other examples, each of the other trips, is in Schedule 3.

This chart is also in the report. Just in total, during the period of our review, the senator took 94 flights to or from Saskatchewan, 11 of which were direct, one was connecting, 43 with one-night stopover, and 32 with more than one night stopover in Toronto.

Schedule 4 to the report contains claims of just under \$21,000 that we have determined are subject to the interpretation of this committee, and I understand that will be taken under consideration over the next little while.

**Mr. Timm:** In terms of the next part is the living allowances that we looked at. In terms of living allowances, similar to the previous three reports, we have made a conclusion, and I guess is the third paragraph of what is up on the slide right now. Again, we feel there is a lack of clarity in the terminology with respect to the residences and particularly the primary residences. Again, we have that same conclusion when we get a little farther on, but we also still notwithstanding had a look at where Senator Wallin resided on any given day, at the end of any given day.

Before I go there, the numbers themselves, and this is during this period in terms of living allowances, there is about \$52,000 -- that table is in the report as well -- that was reimbursed to her or paid out to her. That is in addition to the \$532,000 Mr. Stewart talked about earlier.

In terms of looking at the daily, where she was on any given day, there was 1369 days that we looked at. Of that, for 93 per cent, we know where she was definitely on any given. Another 6 per cent, we are pretty sure where she was at the end of the day. So basically 99 per cent, we are very comfortable with where she was.

In terms of that analysis, the next slide, we found in terms of Ottawa, on Senate business, was about 22 per cent or 290 days, and other locations of Senate business another 6 per cent, or 88 days. In Toronto, about 35 per cent. However, I want to note, though, there is some Senate business days in that number, so I want to note that as well and it is noted on the slide and in the report. In terms of her declared primary residence, it was about 27 per cent, or 360 days, and then there is other non-Senate business where she was elsewhere for about 9 per cent of the time.

In terms of when we look at the days and so on we have looked at, out of that period there are 302 days that she is in Ottawa, of which 298 were Senate business. The other four days, three of which were over a weekend between Senate sittings, so virtually when she is in Ottawa it was on Senate business.

Then, in terms of the next paragraph was simply saying again in terms of primary residence, we cannot conclude where her primary residence was given the lack of clarity as we mentioned before.

However, the difference in this report, though, is that, given that Senator Wallin had a residence here for basically from April 2009 to July 2011, given that when she was in Ottawa it was Senate business, and looking at the pattern of travel, we do conclude, though, that her primary residence is more than 100 kilometres outside of the NCR. As a result, we feel her living allowance claims are appropriate.

That will conclude the overview of the presentation.

**The Chair:** Honourable senators, we are prepared to entertain questions. I note that Senator Segal indicated that he wanted to ask some questions.

**Senator Downe:** I have a point of order first.

**The Chair:** Absolutely, Senator Downe.

**Senator Downe:** I assume the person next to Senator Wallin is her legal counsel?

**The Chair:** Correct, yes.

**Senator Downe:** And we are in camera. Could you or the clerk just summarize the rules while in camera for questions asked and testimony given, just so everybody is clear on those?

**The Chair:** As I understand it -- and the clerk can correct me if I am wrong -- Senator Wallin's legal counsel cannot respond to questions, but let us say Senator Wallin did want to intervene at a certain point, she could seek the advice of her legal counsel, in private of course, but he would not have the right to either ask questions or to respond to questions.

**Senator Downe:** When the meeting is concluded, he cannot disclose what was discussed in the meeting?

**The Chair:** Yes.

**Mr. O'Sullivan:** I know what "in camera" means.

**Senator Downe:** I know you do. I just want to make sure we all understand the rules before we start.

**The Chair:** Yes, my understanding is in camera meetings are in camera meetings, and obviously, if the legal counsel were to report on the goings on of an in camera committee meeting --

**Senator Downe:** Thank you.

**The Chair:** Senator Wallin, on the point of order?

**Senator Wallin:** Yes, just on a question for some corrections to the record. When would it be appropriate for --

**The Chair:** Later on. We will get you on the list as well, maybe number three on the list. Senator Segal.

**Senator Segal:** Thank you.

Let me first of all thank the auditors for what was clearly an extensive and difficult task. I note their mention of the cooperation from Senator Wallin and her staff throughout the process, and I just want to as a taxpayer express my appreciation for their hard work on what is no doubt a very difficult and demanding task, especially since the lines of audit standard are not quite as clear in this circumstance as might be the case in the audits that you do for large public corporations, for example, when you are governed by IFRS, by GAAP and a whole bunch of other propositions, so I appreciate very much the effort they have put into this process.

I wanted to ask a question that may strike you as odd, but I think it is relevant. If I called one of your colleagues who runs your extensive and absolutely superb tax practice and said, as a taxpayer, despite having filed my taxes for 10 years and got assessments back that essentially confirmed and conformed with the advice that my tax advisers had given me with respect to an accurate filling out of the form, I just got a notice from Revenue Canada saying that based on rules that have just been passed, all of my tax forms are now up for reassessment, please provide background material as required, what would you advise your partners on the tax side of the business to tell that client about the fairness of that exercise?

**Mr. Stewart:** Can I restate the question so I understand it?

**Senator Segal:** Well, do your best.

**The Chair:** Be very blunt, Senator Segal.

**Senator Segal:** I am glad to restate it in a more direct way.

Would it be fair for any Canadian citizen who has dutifully filed their taxes for 10 years and had their submissions accepted by Revenue Canada as accurate and fair based on the solid advice they received from your tax partner to then be asked by Revenue Canada to resubmit all of their tax forms for the last seven years because new rules had been passed and those submissions are now going to be assessed based on the new rules, would that strike you as a fair way to deal with the taxpayer's rights under the Tax Act of Canada?

**Mr. Stewart:** Assuming there was a significant change made, then I would think there would be grounds to appeal. I am not a tax expert.

**Senator Segal:** I understand that, but the principle is obviously the one I am seeking to get your guidance on with respect to this process, where I do not for one moment question the good faith, integrity, hard work or due diligence that you applied to the task from your perspective, and certainly the reputation of the firm justifies that.

But the question is: You made a decision, no doubt with advice, to use a standard that just came into effect with respect to what constitutes Senate business, to go back over a five-year period to see whether that test was met, and you did so probably because, as you yourselves said, you did not have the time, the inclination or the mandate to interview a wide range of senators to find out what the practice was over the period of time that you were assessing Senator Wallin's expenditures. So you did the best with what you had, and I respect that.

My question is: Do you not think there is, perhaps unwittingly, a core unfairness to a retroactive assessment of activities which existed under one regime based on the rules that were just brought into effect at the end of 2012 or the beginning of 2013?

**Mr. Stewart:** You are referring to Appendix A, to the travel policy of June of 2012?

**Senator Segal:** Correct.

**Mr. Stewart:** It is our understanding that the underlying principles of the expense policy have not changed and that Appendix A provided guidance, some specific examples of the application of that policy.

We have used that, to some extent, in our analysis going backwards because, as I say, it is our understanding, with information from Senate staff, that the underlying policies have not changed, that policy principles have not changed.

I would point out also, if you go through Schedule 2, there are a number of expense claims that do not rely on the retroactive application of Appendix A, so it is not solely because of Appendix A that we have come to the conclusions that we have.

**Senator Segal:** Could I ask one other question? With respect to what constitutes Senate business, you made reference in the policy that you cited parliamentary function. So, for example, if someone had an abiding concern with respect to potato farming but was not on the Agriculture Committee, had not been on the Agriculture Committee for five years but had spoken on occasion about potato farming on the Senate and was invited to a Canadian Horticultural Council meeting to talk about his or her concerns relative to potato farming, the present Senate definition of what is business would question whether that would be a billable expense to the Senate. That would not have been a matter, however, that would have been questioned three or four years ago, before the new policies were brought into effect.

Does that cause you any anxiety about the sorts of judgments the lack of clarity with respect to the policy puts you in the circumstance of having to make?

**Mr. Stewart:** Again, we have used the examples in Appendix A, to some extent. This was, to some extent, a two-part exercise on our part as well. We reported back to the previous steering committee in April on the first 18 months that we looked at, and we provided them at that time with, I think there were 17 events, 7 of which we believed were not Senate business and 10 of which we sought guidance on, and so we used the results of that as well.

In addition, as we say in the report, there were a series of over 50 we called them networking events in discussions with Senator Wallin that we gave again to the subcommittee, seeking their guidance with Senator Wallin's explanation and position of being an activist senator, et cetera. We gave that to them for guidance as well.

**The Chair:** Thank you very much. On the second round, yes.

**Senator Furey:** Thank you, gentlemen, for coming tonight.

On page 6 of your report, you have a list of individuals that you had discussions with or conducted interviews with. Did you or anyone in your office have any contact -- meetings, discussions, electronic contact -- with anybody not listed in this group?

**Mr. Stewart:** Yes, actually, I can think of one at least off the top of my head. I communicated with the Institute of Corporate Directors. That is not listed, for example.



**Senator Furey:** But no one involved in the Senate or Parliament, other than those that are listed?

**Mr. Stewart:** Perhaps the previous subcommittee, yourself, Senator Furey.

**Senator Furey:** I am not including the clerk or Ms. Jill Anne Joseph or the subcommittee.

**Mr. Stewart:** Okay, no.

**Senator Furey:** You indicated that on one occasion Senator Wallin indicated that she had a speaking engagement and there was remuneration which she cleared with the ethics officer shortly after she was appointed. In the travel that you found that involved other speaking engagements, did you cross reference that with the events to see if, in fact, that was the case?

**Mr. Stewart:** We did not ask in every event whether Senator Wallin was remunerated, but we did not find any other occasion where she was.

**Senator Furey:** What do you mean by you did not ask? You did not ask who?

**Mr. Stewart:** The event organizers.

**Senator Furey:** So you did not do any cross referencing?

**Mr. Stewart:** No, we did not.

**Senator Wallin:** Just a few points. It is not questions in quite the same way, but thank you.

Just, and in no particular order, a couple of things that appear in the report. For example, quoting files, Senate files in January of this year, saying that I still did not have a health card and had not paid income taxes, those situations have changed and because, again, these reports will be made public, it will create questions again.

**The Chair:** Do I understand that you do --

**Senator Wallin:** I do have a health card, I did pay my income taxes this year in Saskatchewan, I do have a Saskatchewan driver's licence and I do own property, et cetera. So it just begs that question.

I want to touch briefly, and I do not think there is any sense going into great detail on these things, but the examples that the auditors used of what they considered the most egregious errors to evidence the problem with the calendars we had some pretty specific explanations for. We were trying to recreate activity in 2009 and find files and references for it, which was pretty hard to do.

I had in my own personal diary, for example, that we provided to the auditors, in reference to the corporate directors event, it was actually written in my book, "ICD event Toronto, speaking?" So when you are going back and trying to create the template for them and provide that information, I relied on my own diaries as well.

It goes, I guess, in my mind to the question of intent. We were trying to provide information. We scoured every source we had, including file folders, pieces of paper, notes written on other documents. You know, "call so and so, wants a meeting." Not all of those things, and particularly in the beginning, they were certainly not in my calendar. Although in the last year or two the Senate calendar has become more detailed, but it certainly was not at the time I operated myself. I had an assistant, the first assistant who was there only briefly and went off on mat leave, and I was doing a lot of that stuff myself.

We did try to explain, and I think most importantly -- and this letter is not appended to the document, but it is also one that we sent to the auditors four days before. I just want to -- just, if you will allow me, to say we went through the concerns about the calendar and we made our explanations as to why we were doing it. We were given advice that we were providing way too much information that was not specific to the claims in question and so we should clear the underbrush, but we wrote to the auditors at that point and said -- and I will read:

If there is any concern on the part of Deloitte that what was done was a deliberate attempt to conceal or obfuscate in any way, my client, and all associated with the preparation of

the spreadsheets, are prepared to provide affidavit evidence or a statutory declaration indicating why this was done and the fact that it was intended to assist Deloitte.

So this came immediately after this concern was brought to our attention.

There are questions that we have too, which we have raised with the auditors in other situations, about how we came to the definitions or how they came to the definitions of what constitutes Senate business and their categorization of networking events and that phrase.

So we did ask very specifically, and it goes to Senator Furey's point at least -- he may not have been going there -- we sort of said if you are looking for common Senate practice you should be talking to senators about what they commonly did over the years and what was considered okay behaviour, which is how those of us who arrived learn. You ask your neighbour, your friend and your seatmate and say, you know, "I have to go and give this speech, is that okay?" "Oh, yeah, sure," that is what -- you know. So that would have been helpful, I think, there.

Then to the point that Senator Segal raised, we have documentation, and we have done a fair amount of research on this when it comes to the travel policy, that this was indeed very new. The document on the front cover, Parliament of Canada, eleventh report regarding the Senate travel policy. "The senators' travel policy shall come into force at the adoption of this report," indicating that it is new. And we have pages here, thank you, Terry, for that.

The new senators' travel policy will replace, et cetera, et cetera, new instruments. It replaces new policy, be amended to reflect the provisions of new policy, appendix A.

We discussed this pretty specifically, which was, did the new rules of 2012 and then subsequently now in 2013, does this constitute new rules? Anything that we can find is that it constitutes that change, that it is not the way it was done before or not the way it was interpreted before, and these rules made it much more specific and the appendix was quite detailed. Again, it goes to that question of retroactivity and what constitutes common Senate practice.

So, very much in the same way that the auditors have mentioned this, I think, these principles of retroactivity and definitions of common Senate practice, they are principled issues, issues of principle for us to deal with as well.

I have many other notes, but I think I will just stop for now and let others who are doing the questioning, but I just wanted to point a couple of key points out.

**Senator Mercer:** Thank you, gentlemen, for being here, and thank you for your work.

I had written my questions down, and it ends up being a follow-up on a couple of points that Senator Wallin has brought up herself.

The issue of the calendars and the change in the calendars, are you saying that there is evidence that there was an attempt by either Senator Wallin or by her staff to correct or change the calendars to fit her needs as opposed to correct to provide accuracy? Very simple question.

**Mr. Stewart:** What we are saying is that there were changes made to the calendar, which are acknowledged. The motivation to those changes we do not address, and we -- there are implications to that, and I spoke to that in terms of our use of the historical calendars more than the 2013 calendars. The motivation to that is set out by Senator Wallin, she just spoke about it a little bit, and also appendix E.

**Senator Mercer:** But you have not drawn a conclusion that it was designed to be of fraudulent nature?

**Mr. Stewart:** We have not drawn that conclusion; that is correct.

**Senator Mercer:** I want to go to a specific statement that you have made on page 19 of the report, 4.3 under "assessment of Senate business and characterization of travel claims." It says in paragraph 2:

Senator Wallin indicated that she was asked to be a different kind of senator, one who was more active in the community representing the Senate, and that discussions with Senator Tkachuk early in her tenure regarding various roles she had (such as chancellor

of the University of Guelph), confirm that travel expenses to such events would be eligible for reimbursement.

It is a simple question. Did you consult with Senator Tkachuk to find out whether this is exactly the advice he gave her at that time? If it was, he is a prominent member of this chamber and well respected. I am sure she would have listened to his advice.

**Mr. Stewart:** I am sorry; I believe my page numbers may be different from yours.

**Senator Mercer:** If our page numbers are different then that means there are two different reports, and that ought to concern everyone around this table. Our page numbers should be the same in the English version, which I am reading from. It is on page 19. I will read the title of the section again: "4.3 Assessment of Senate Business and Categorization of Travel Claims." There are three paragraphs on that page and it continues on to the next page. The paragraph I am looking for begins with, so you will find it easier, "Senator Wallin indicated to us that on June 5..." That is the paragraph I am referring to, a sentence in the middle of it, where she makes a direct reference to consulting with a very senior member of this organization and asked for his advice and she indicated what that advice, in part, was.

**Mr. Stewart:** I apologize; I misheard you. I thought you said 18. We do have the same reports, to put your mind at rest on that point.

Senator Tkachuk was the chair of the subcommittee in the first part of our analysis and so we did not deal specifically with that very question with Senator Tkachuk, but we did have those claims, the 17 claims that I mentioned, we put forward and we had feedback as to what was and was not acceptable, I think including some Guelph ones.

**Senator Mercer:** I find it curious, though, that Senator Wallin had made a very specific statement in here with respect to consulting with a very senior member of this chamber and asking for his advice, which is something that we all would have done when we joined the chamber, but she did not ask the question directly to Senator Tkachuk, who, by the way, was right in the room.

**Senator Tkachuk:** Do you want an answer to the question?

**Senator Mercer:** I am curious. You can you give us an answer, Senator Tkachuk, but I am asking about the process that was followed, that if Senator Wallin said this, it seems to me that one of the things that the auditors should have done was say, okay, that is what Senator Wallin said, let us ask Senator Tkachuk if that is exactly what he said. Then we would know that, whether Senator Wallin was misinformed, or misheard you, or she chose to misquote you. She is a former journalist; she never misquoted anyone, of course.

**The Chair:** Is that a question?

**Senator Mercer:** I am curious.

**The Chair:** Thank you very much.

**Senator Downe:** I want to follow up on an important question asked by Senator Segal. I did not see the report until I got here tonight, but I am looking at page 10, section 3.3 -- page 10 of the English copy. You cover off the purpose of travel, identifying in quotation marks the parliamentary functions, duties and activities related to the position of a senator, wherever performed, and includes public and official bills and partisan matters but does not include the other two categories, which are basically election campaigns for MPs and private business interests.

Then you go on. In the section below that, you identify "public business means all business carried out by a senator for public purposes whether or not authorized by the Senate or the Government of Canada."

In other words, if I have an interest in widgets and I find out there is a widget convention in B.C., and I am not on the widget committee of the Senate, I have not spoken in the Senate about this, but, because of my interest, as a senator I can travel to that convention under your interpretation of existing rules and bill the Senate. What I cannot do is I cannot go on a private holiday to B.C. and bill the Senate.

**Mr. Stewart:** No. The paragraph that you just read from, the public business, contained the qualifier at the end. It says "but does not include attending to one's private concerns."

**Senator Downe:** The private concerns we all understand is not covered, but my example of my interest in widgets, under the existing policy, I could claim that as a Senate expense?

**Mr. Stewart:** I would need to consider whether that was a private concern or not.

**Senator Tkachuk:** Providing you do not own a widget factory.

**Senator Downe:** I have no interest in widgets personally or professionally that will enrich me. So under these rules -- I want to clarify. Senator Segal made an excellent point: What are the restrictions under the current rules? As I understand the sections you are quoting here those restrictions, particularly that section for public purposes, "whether or not authorized by the Senate or the government" means it is your individual decision as a senator whether that is Senate business, again, recognizing that it does not advance your private interest or you are not campaigning for a member of Parliament, then it is allowed under the rules. Is that the basis you made your study on?

**Mr. Stewart:** I do not mean to split hairs with you, but --

**Senator Downe:** Please do.

**Mr. Stewart:** If you owned a widget factory that would be arguably your private business.

**Senator Downe:** I do not own it; I have an interest in it. I have not a financial interest, I am intrigued by widgets and everything they do for society, and I want the Senate to be aware of this and at some point I may or may not speak on it, depending what I find out. I have no financial interest; I have no family members involved in the advancement of widgets. That is just a pet project of mine.

**Mr. Stewart:** I think a better example, more practical to what we are speaking about, is the senator's role as chancellor of University of Guelph. She was the chancellor before she was a senator. Under your hypothetical, you could deem that she certainly still retained an interest in the University of Guelph as a senator. We have deemed that as non-Senate because we have deemed that as a private interest.

**Senator Downe:** My second question is this, and I do not want to question Senator Wallin. That is not the purpose we are here so I will ask you. I am intrigued about page 28, the indicators of residency. These were reviewed. Did you ask Senator Wallin for the health card and she could not provide it at the time or this is a review of the Senate documentation that was asked of all senators?

**Mr. Stewart:** That is correct, the latter point.

**Senator Downe:** Thank you.

**Senator Marshall:** Were any claims that were submitted by Senator Wallin rejected by the Senate?

**Mr. Timm:** I, offhand, do not recall if there were any rejected. There were certainly some amended.

**Senator Marshall:** Could you elaborate on that? What you are saying is that entire claims were not rejected but there were select items on a claim that were deducted from the total of the claims? Is that what you are saying?

**Mr. Timm:** The car service at one point got reduced as an example, just off the top of my head in terms of those.

**Senator Marshall:** How extensive were the adjustments? Was it half a dozen or was it happening all the time?

**Mr. Stewart:** Neither of those extremes. It was not happening all the time.

**Mr. Timm:** I think as well, to put it in context, most of these claims said "Senate business" on them. So long as you have the backup from a financial point of view, as long as you have the

travel, like your airline ticket, your boarding pass and it says "Senate business" and "signed off," there is not necessarily a lot for finance to go on to reject. I would not look at rejection as being an indicator of anything in this case.

**Senator Marshall:** So no claims rejected, and a minimal amount of adjustments made to the claims that were submitted?

**Mr. Timm:** That is my recollection, yes.

**Senator Tkachuk:** I just wanted to go about questioning on private and personal business. Overall, her expenses were about, on the average, about \$133,000 a year, four years, \$500 some thousand, not unusual for a Western Canadian senator, I would think. Of that amount, how much did your audit say without reservation or without doubt was personal business, in other words, personal private matters? What was the amount? Do not count the ones you are not sure of. Do not count the ones you want us to help you make a decision. What was the amount of personal business that you thought was personal business?

**Mr. Timm:** In terms of that answer, Senator Tkachuk, in terms of the personal, Schedule 2, for example, is all reimbursable claims, in our conclusion, but in terms of personal, what would we --

**Senator Tkachuk:** I am trying to reverse the definition.

**The Chair:** Would you mind taking your hearing aid away from the microphone? It is making a noise.

**Senator Tkachuk:** What I am trying to get at is that when we do the definition of what is Senate business, we talk about public business. My view would be that what is not public business is private business, in other words, going to see a relative or going to a family function or attending a business meeting that you get paid for not from the Senate. How much of that amount was personal, private business?

**Mr. Timm:** Again, just offhand, Schedule 2, as I pointed to earlier, were the things we deemed not Senate. Some of that would have been personal, but I do not think we have that number broken down.

**Senator Tkachuk:** That is a very important question, because there is your private, personal business and then there is your public business. I am just trying to reverse this. In other words, you are saying that this much is Senate business, but this maybe is not Senate business, or this could be interpreted maybe as not or we need your help on this. My point is that the senator knows when it is private business. In other words, I am doing personal matters. They are private matters. I am going to a board meeting that has nothing to do with the Senate. I do not charge the Senate for that. How much of that 500 and some thousand can you say, which I think is the most important part of all, not counting all the other stuff, that is personal and private?

**Mr. Stewart:** I think, Senator Tkachuk, what you are getting at, we have determined that there is \$121,000 of reimbursable to the Senate, and \$31,000 of that is the incremental flights. I do not think you are talking about that amount. I am just trying to establish that. That would --

**Senator Tkachuk:** There is a question about that too, but that is not the question I am asking now.

**Mr. Stewart:** That would leave the \$90,000 as outlined in Schedule 2. Schedule 2 contains a variety of events, some of which are, in your definition, private.

**Senator Tkachuk:** But those should be easy.

**Mr. Stewart:** The senator has repaid \$38,000 of those events, identified and repaid them. There are other travel claims, for example, some of the ones we went through, the calendar changes we went through. There are no events, actually. Like, for the Institute of Corporate Directors, I do not think there was an event. That did not happen, so I guess that would be deemed a private. There are other events on Schedule 2 that happened that we have said are not Senate business. I am not sure if that is what you mean by private or not. If it is, then the answer to your question is \$90,000, but there are some events in Schedule 2 that are fundraising, for example, so they are not private events, they are partisan fundraising events. So Schedule 2 contains all of those events. We do not have a split of the numbers with us right now.

**Senator Tkachuk:** Is it possible that you can get that for us in some way? We might be able to do that ourselves, but I think it is important to know.

The other question is, when you were doing the math on the difference in travel between Ottawa, Toronto and Saskatoon, there are incremental amounts in the fact that she would be spending maybe a day in Toronto, and there would be an increase in the airfare, therefore making that trip much more expensive, but there would probably be many times when she just went to Toronto and returned instead of going to Saskatchewan, and used her secondary home as a place to go, therefore making the amount a lot less. I was wondering, in other words, if Senator Wallin went to Toronto and came back to Ottawa, it would cost a lot less than her flying to Saskatoon. If there was an event in Toronto that she was going to and she stayed there for two days -- if I went to Toronto and did an event on Friday and Saturday morning and I went to Saskatoon and returned, she might have stayed because she has a secondary home in Toronto, did the event and came home. That would be a benefit to the Senate financially, I would think, but I do not know for sure.

**Mr. Timm:** The example you just gave us was that she goes to Toronto, does an event, stays there for a night or two or whatever.

**Senator Tkachuk:** And comes here to Ottawa.

**Mr. Timm:** Going from Saskatchewan to Toronto? I want to make sure I have the example.

**Senator Tkachuk:** My point is that I understand the differences. I am just trying to find out, there is obviously a benefit the other way around. In other words, she has an event to go to in Toronto, which is a legitimate government event. She goes to Toronto. She stays overnight there, flies back to Ottawa. If I went to a Toronto business event on a Friday, I might get on a plane late Friday night or Saturday morning, fly to Saskatoon, come back Monday or Tuesday. I would have gone back to Saskatchewan. She would choose not to do that. She would stay in Toronto, probably, and come back on Monday. That would be a benefit to us.

**Mr. Stewart:** If it was a legitimate event in Toronto, we have not quantified any amount.

**Senator Tkachuk:** Okay.

**The Chair:** Is that it, Senator Tkachuk?

**Senator Fraser:** I have two questions, if I may, chair. The first has to do with the primary residence indicators. Past experience on this committee suggests that this may be given some public attention in the days to come, so I just want to be very clear on what we are saying. Senator Wallin has said that she does now, I gather, have a Saskatchewan health card and that she paid taxes this year in Saskatchewan, which is good to know.

You were looking at the documentation provided by her as of January. Am I correct about that?

**Mr. Timm:** Yes.

**Senator Fraser:** As of January of this year. I want to be really crystal clear for everyone. She said herself there have been changes, but what we have before us in your report is what the status quo was in January 2013?

**Mr. Stewart:** Correct.

**Senator Fraser:** Second question, very different: In Schedule 2 -- I am awaiting my new glasses, and in the meantime, I am being slow in reading the fine print here.

I notice, for example, almost arbitrarily -- I am looking at page 10 of 14 in Schedule 2. I notice that on a number of occasions, perhaps even a majority of occasions, the amount reimbursed was not the amount that had originally been claimed and paid by the Senate.

For example, the very last item on that page, which is claim number 19234, where total claim amount -- and I assume total amount paid by the Senate -- was \$2,841. But then when I move over to the explanatory column, the senator represented that this trip was to return from the senator's private business in Toronto, and related expenses should not have been charged to the

Senate. She repaid a total of \$738, and you identified, I gather, a further \$723 and change. Those still do not add up to \$2,841. I am a little confused about what I am looking at here.

**Mr. Stewart:** Let me try to clarify. Let us just stick with that example. Claim number 19234 was in the amount of \$2,841, and that is what was paid on that claim. Only part of that claim has been deemed reimbursable. Senator Wallin identified the part of the claim that is outlined in the narrative and has paid back on February 1, 2013, with others, \$738.88 in respect of this claim.

We have identified that the amount she should have repaid is actually \$15.05 less than that, so the 723 relates entirely to the 738 -- they are not added -- and it is only a part of the claim, the \$2,800 claim, that is in fact reimbursable. The rest is either appropriate or perhaps on Schedule 3.

**Senator Fraser:** Could I have just one more?

**Mr. Stewart:** Sure.

**Senator Fraser:** The one immediately preceding that, claim number 15675, where the claim was \$1,779, the senator's office represented that this trip was for the senator's private business. It does not say partially, but the senator only repaid \$1,055, which is \$724 less than the original claim.

**Mr. Stewart:** Again, the claim is for more than that one event, and so the remainder of the claim would have been appropriate. We have assessed the claim, and in that case, the exact amount that the senator repaid is what we quantified.

**Senator Fraser:** What you are telling me is that although you crammed a great deal into your report, you did not cram it all in, and we would have to go back on a case-by-case basis to understand those cases where there are differences between the amount that was claimed and the amount that was or should be repaid?

**Mr. Stewart:** We have not outlined every claim that Senator Wallin made, so we have not put in all of the appropriate claims.

**Senator Fraser:** But if this committee were to get really keen, you would be able to provide reasons for these differences in every case?

**Mr. Stewart:** Yes, we could.

**Senator Fraser:** Thank you, chair. I remain confused, but never mind.

**Senator Baker:** Thank you. Just a couple of points and a couple of questions to the witnesses.

First of all, as far as Mr. O'Sullivan is concerned, we should respect the fact that this is, under the Criminal Code, a judicial proceeding. This is a committee meeting of the Senate, although it is in camera, but it is a judicial proceeding, and the matters concerning judicial proceedings are dealt with from 118 of the Criminal Code to about 138. It is up to Mr. O'Sullivan, if he wishes to use matters that take place in this judicial proceeding, in any future judicial proceedings, no matter what they may be. That is his prerogative.

Mr. Chair, my concern here, listening to all of the evidence, first of all, on this matter of Senator Wallin where this report on page 28 concludes: Senator Wallin has not met -- this is the conclusion. This is a sentence unto itself: Senator Wallin has not met two of the four indicators used by the Standing Committee of Internal Economy to determine whether senators have met the primary residence test. That is obviously an incorrect statement, but you accepted the evidence from this committee to formulate that opinion.

Then when I look at what you also accepted from your client, I go back to page 2, where you have a major difference of opinion with Ms. Wallin as far as this sentence is concerned. You say Appendix A to the senator's travel policy, although it was introduced on June 5, 2012, we have applied these examples throughout the period of our review, as we understand they provide specific examples of the existing policy principles.

In other words, witnesses, you have accepted what you said before was the advice given by Senate staff. Is that correct? That was the sole reason for this statement to be made and your reliance upon the fact that those matters that were in existence on June 5, 2012, were also in existence previous to that. Is that correct? What is the basis for your hypothesis that it was the same, the advice given to you by your client?

**Mr. Stewart:** Yes.

**Senator Baker:** I see. This sort of concerns me because you are supposed to have, as investigative -- and I do not want this to sound like a cross-examination, but it may happen in the future. You are supposed to have an investigative mindset. You have heard that terminology; it is in your *Standard Practices for Investigative and Forensic Accounting Engagements*. You are aware of these standards?

**Mr. Stewart:** Yes, I am.

**Senator Baker:** You are. Let me read for you what it says as far as information collection and analysis is concerned: IFA practitioners should use an investigative mindset. That is defined under point 11, page 3. An investigative mindset requires a skeptical attitude in the identification, pursuit, analysis and evaluation of information relevant to each engagement, contemplating that it may be biased, false or incomplete.

In other words, the information given to you by Senate Finance or this committee, if you have an investigative mindset, which you should have, then the first thing required is that you have a skeptical attitude toward it. If I go to point 05, which you probably know by heart, it says: IFA practitioners should identify, analyze, assess and compare all relevant information, assess substance over form, and develop and test, as needed, hypotheses for the purpose of evaluating the issues in the IFA engagement.

Do you think that you have, in fact, met that standard if you have just accepted an opinion from the finance department that what was in existence in June 5, 2012, when it was in existence for the previous years?

**Mr. Stewart:** I think we have met the standards for the investigation and the review that we have done, as set out in the report that we have set out. Yes, I do.

**Senator Baker:** I just have one final question that may come up in future proceedings.

Your firm is located at 100 Queen Street; is that correct?

**Mr. Timm:** Yes. One of our offices, yes.

**Senator Baker:** Is that the office that you work out of?

**Mr. Timm:** Yes.

**Senator Baker:** Does that office represent any -- as a client, have any political party?

**Mr. Timm:** Yes, we do. When you say "represent". . .

**Senator Baker:** I did not mean represent, I said "as a client."

**Mr. Timm:** Yes.

**Senator Baker:** You do. Tell me if you feel that your auditing division is sufficiently insulated from your investigative, forensic accounting division and that you do, in fact, have some sort of system in place where, on a monthly basis, or more often than that, some sort of guarantee that you do not exchange information, either with practitioners in your branch or those in the auditing branch?

**Mr. Stewart:** Absolutely, my home office is the Toronto office. I can tell you, as a --

**Senator Baker:** You just said 100 Queen Street.

**Mr. Stewart:** Gary works out of 100 Queen Street.

**Senator Baker:** Ah, Gary works there, okay.



**Mr. Stewart:** I work out of the Toronto office. I can assure you that our risk-management process is as rigorous as I have ever seen. I joined Deloitte three years ago, and frankly I have never been put through such hoops as exists within our firm.

**Senator Baker:** Good. Thank you.

**Senator White:** I want to go back. There was some commentary earlier, I think from Senator Segal, that talked about rules changing and you used the rules of the day, possibly, to do an analysis going back. But my understanding, from what I read, is that if the rules changed then you shifted your analysis as well, with the rules; is that correct? If you are looking at something in 2009 and there are policies, procedures, where, in fact, one way of doing things for us as senators, then you would have used those, but in 2012 you would have used rules, practices and policies of the day to do an analysis?

**Mr. Stewart:** There is a constant throughout the period of our review, and that is the reference to expenses that are in line with parliamentary functions.

**Senator White:** Agreed.

**Mr. Stewart:** And we have used that throughout the period of the review.

Schedule A came in June of 2012 that provided, as we understand it, examples of certain travel that would and would not and would partially be funded. We understand that to be examples of the existing policy principles that underlay the whole period of our review.

**Senator White:** Perfect. My point is that there was no shift, really, in policies and practices over the period of review. So a suggestion that you were using today's policies, practices, to look back at 2009 is not really factual. You had the exact same policies and practices throughout, except there were examples given at some point in the middle, not a change in practice?

**Mr. Stewart:** That is our understanding.

**Senator Kinsella:** Would you reiterate for us your rationale around the decision or the finding that participation in public university activities is not an activity related to the position of the Senate? Do I understand that is your conclusion?

**Mr. Stewart:** Our conclusion is that Senator Wallin's activities related to her chancellorship at the University of Guelph and subsequent chancellor emeritus are not Senate business; that is correct.

**Senator Kinsella:** Based on what in the SARs, or based on what in relationship to activities related to the position of the Senate, based on what in terms of a content analysis? The 96 universities in Canada are public institutions, surely there is a common understanding that universities appreciate having, on campus, a member of the Parliament of Canada, whether from the upper or lower chamber, and that it is a two-way street: both the institution of Parliament is honoured by having an honourable member on a board of governors or in such a high position as chancellor. In my opinion, that seems to bring credit and honour to Parliament. And vice versa, the universities consider it a high honour to have a member of Parliament associated with the university.

I do not understand why that -- or how you arrive at that is not an activity related to the very position of a senator where it is reciprocally an honourable recognition.

**Mr. Stewart:** It was not our intention, nor did we debate the honour that it clearly is to be the chancellor or to be a senator. Senator Wallin was the chancellor prior, for a year or more prior to her appointment to the Senate, and therefore we considered that to be part of her private interests.

**The Chair:** I am sorry, Senator Cordy, if I had not noticed you prior.

**Senator Cordy:** I just started thinking maybe you had not seen my hand.

Thank you very much.

I guess I would like to go back to section 3.3 on page 10, related to purpose of travel. One of the exclusions would be does not include activities related to the election of a member of the House of Commons during an election under the Canada Elections Act.

I believe we heard earlier from you that there were situations where Senator Wallin made claims for doing partisan fundraising events.

Were there any claims made by the senator for doing partisan activities during an election?

**Mr. Timm:** Schedule 2, as an example, page 10 of 14, claim number 17089, and you will see under "reason for funding" we actually can communicate with the EDAs, and you will see on the second paragraph it says "Conservative Party represented that this was a 2011 campaign visit on their behalf." So that would be an example of one of those.

**Senator Cordy:** Were there other examples? Sorry, I read this in about three minutes and I did not go through the fine --

**Mr. Timm:** Fair enough. Because I knew the election was around April, which is why I was having a look there.

I think there are other fundraising ones in here, it is just that was the one that came to mind because of the April that I turned to quickly.

**Senator Cordy:** And that was during an election?

**The Chair:** Do you have an intervention, Senator Wallin?

**Senator Wallin:** I wanted to clarify on that point. There was one claim during an election campaign which was billed back. There were other activities during election campaigns but there was Senate business conducted separate and apart from what that event was during the campaign. The rest of the events, which we will talk about later, at a later date, is whether or not you can go to an MP's riding and speak when there is not an election campaign. That is another issue.

**Senator Cordy:** When we look at this particular section it is dealing specifically with an election, and that is what my question is specifically related to, an election campaign.

Frequently we see the car service in expenses, and I think it was 80 some dollars from -- I believe was the airport, the island airport to downtown Toronto. What would a cab cost from the island airport to downtown Toronto?

**Mr. Stewart:** I think mid-town Toronto in a cab would be maybe \$30. It depends on where you are going.

That was an issue that Senate finance raised with Senator Wallin at one stage and so the claims for the car service became less after a point in time. I do not remember when that was.

**Senator Cordy:** Thank you.

**The Chair:** Thank you very much, Senator Cordy.

**Senator Furey:** I want to go back to Senator Marshall's point.

When claims are sent in to Senate finance, prior to July of this year, so the period that you are looking at, as long as the claims said "Senate business" or "parliamentary function," it was processed by finance, correct?

**Mr. Stewart:** Yes.

**Senator Furey:** Senator Wallin, of her own accord and through her own volition when this process started, decided to pay back somewhere in the range of \$38,000 worth of claims, correct?

**Mr. Stewart:** Yes.

**Senator Furey:** Can we assume that all of those claims originally had "Senate business" on them in order for them to have been processed?

**Mr. Stewart:** Yes.

**Senator Furey:** She would have looked at them and reviewed them and found some mistakes and decided to repay on her own accord?

**Mr. Stewart:** Yes.

**Senator Segal:** I want to come back to the issue of personal interest because the statement of Mr. Stewart troubles me intensely. The notion that you would call being chancellor of a University of Guelph a personal interest is completely understandable. The notion that you would indicate that somebody who owns interests in a widget company should not be going to a widget conference and billing the Senate is also acceptable. What about senators with personal interests that they have pursued such as child soldiers, Aboriginal poverty, GLBT rights, veterans' spouses, boys and girls clubs -- personal interests they have pursued since they have been in the Senate? They are not any boards, because if they were they would have to declare a conflict under our conflicts policy, which is actually very tough. They are not on any particular committee of the Senate in terms of parliamentary function that deals with these issues. They might have been in the past; they might be in the future, but they are not now. I take it that this all would fall into the category of "personal interest."

When you decide that the senator flies, as you did on page 10 of 14, to Ottawa to attend an event at the home of the Prime Minister of Canada, dealing with a national arts program called Prairie Scene, as a senator from the prairies, because she was invited as a senator from the prairies to be there, that constitutes an inappropriate personal interest and has to be repaid.

Do you understand the extent to which all of your judgments are massively devalued by that particular determination on that particular issue? Page 10 of 14, No. 15652.

**Senator Mercer:** I was not invited.

**Senator Segal:** Neither was I, but I am not from the prairies.

**Mr. Stewart:** I am sorry.

I understand that the judgments we have made, that we have set out in this report, are the subject of review by this committee as well. I understand the impact that this clearly has. There are some that are clear and there are some that are less than clear.

We did not provide a list of the events that we included in the \$390,000 acceptable, either. So there is some, if I could put it, balance there. I do have a list in front of me in terms of some of the events. I am happy to share that at some stage. There is some grayness there and also some confusion in the calendars for that event, which we also took into consideration.

We have tried to consider all the information that we have around every single event, including the explanation, including the calendars that we have been through, including the research, and we have come to the judgments that we have come to.

**The Chair:** On this one, I am trying to recall but I think we have crossed this bridge in the past regarding one being a chancellor at a university; I think we have in fact. I do not think this is completely a judgment call of the forensic auditors. I think actually this committee, in the past, has looked at this. It is one of those positions that one holds that has not been considered Senate business.

I may stand to be corrected on this but I do not think this is completely a judgment call on the part of these individuals.

**Senator Segal:** I have a supplementary, and it is really about your conclusion in a couple of places, that the prohibition against senatorial activity during an election campaign that is partisan is also a prohibition against a senator being involved with his or her own political party at a fundraising event that takes place between elections. For example, if the Eglinton riding association of the Liberal Party invites a finance critic from the Senate of Canada of the Liberal Party to come and address a fundraising event for people who have raised money for the Liberal Party in the middle of the electoral term of the government in place, to talk about arcane but important issues of financial police I policy, you would I take it, from some source, decide that that is an inappropriate activity and that that expense of going to that place is unacceptable as a Senate travel expense. I want to know what is the source that takes you to that conclusion.

**Senator Furey:** If I may, chair, I believe, senator, that on a number of occasions this committee has made a determination that if you are invited partisan fundraising events, the event should pay your way and not the taxpayer.

**Senator Segal:** At which point you would have to declare that source of funding if it was more than \$500 in the conference registry.

So the provision in the schedule of acceptable activities that says participation in party activities that are purely partisan matters such as election activities are not funded but participation in party activities that are related to the work of the senator or the Senate and its proceedings are fully funded, does not cause you any difficulty with respect to the nuance between the two? You are convinced that is perfectly clear and not problematic?

**Mr. Stewart:** When it comes to fundraising, no.

**The Chair:** Thank you very much.

**Senator Mercer:** Thank you, chair. One of the difficulties we have around here, gentlemen, is that we have a communications problem and most of the fault of that communication problem is our own because Canadians do not understand what we do.

This is a difficult job to understand, whether it is Senator Wallin or any one of us. It is a difficult job to understand when we are appointed for various different reasons. We come from wide and different backgrounds, but when we get here we also get new interests.

If you were to look at my background and to examine my expense accounts as I travel to meet with the Dairy Farmers of Canada or with the chicken farmer or egg producers, you would say what is he doing because I have no background in that at all, but I am Deputy Chair of the Agriculture Committee, so I do take issue with the university thing.

I want to ask you a very specific question about Senator Wallin's claim No. 13651, which is on page 16. We have referred to it before. It is the one with respect to her attending the convocation at the University of Guelph. In her claim, she claimed that she met with someone from the World Bank and an official from the New York City Marketing and Development Corporation. You have concluded that because she was at the University of Guelph at the convocation, and you had documentation to show that. What says she could not have done both?

**Mr. Stewart:** Senator Wallin told us that she could not have done both.

**Senator Mercer:** Okay.

**Senator Downe:** I just want to follow up on your rationale and your thought process. If Senator Wallin became chancellor of the University of Guelph after she was appointed to the Senate, would her expenses related to that position be allowed, in your opinion? The argument could be advanced that because she had, to paraphrase the Speaker, elevated status as an honourable member of the upper house, that is why the university asked her to be chancellor, and therefore it was an extension of her public business as a senator. You seem to indicate you had a problem. She had that as private business coming into to Senate. My question is, if I am appointed next week chancellor of the University of P.E.I., would that be an allowable expense?

**Mr. Stewart:** If I could, I think each circumstance needs to be looked at individually, and I think I would suggest, if that is the case, you would bring it before this committee.

**Senator Downe:** Just to clarify, I think Senator Segal, if I heard him correctly, my earlier question about me developing an obsession about widgets and going to B.C. to meet at the widget convention would be an allowable expense under your interpretation of the rules. It is under public business, so therefore it would be something, whether or not authorized by the Senate, looking at page 10. That would fall under that category.

**Mr. Stewart:** Unless it is your private business.

**Senator Downe:** Which it is not, so therefore it is allowed, which I think Senator Segal may have misunderstood.

**Mr. Stewart:** Again, I would suggest that you would bring that --

**Senator Downe:** I disagree. We cannot bring everything before the committee. That is why the rules are written the way they are written. Public business on page 10 is clearly identified, and it means all business carried on by a senator for public purposes -- and I have no personal interest in widgets -- whether or not authorized by the Senate -- in other words, on my own initiative -- and includes official business, represented, partisan and related travel but does not include attending to one's private concerns, so I meet that criteria with my obsession with widgets. Therefore, I can go and charge the Senate. I do not have to come to this committee for that. Am I wrong about that?

**Mr. Stewart:** Because somewhere, somehow, the Senate deals with widgets?

**Senator Downe:** Someday I may want to speak about it in the Senate. Someday I may want to talk about it in committee. I am trying to understand your rationale for your decisions.

The rule to me, 3.31, is very clear, and a different interpretation will lead to a host of problems for a number of senators who have been active in a number of areas.

**Mr. Stewart:** At the end of the day, we have assessed Senator Wallin's claims with all the available information, including this definition, including the nature of the events that were attended, including the calendars that indicated attendance or non-attendance, including the senator's description of why she attended those events and in what capacity, and we have made our assessments.

It is difficult to deal in hypotheticals because of each circumstance, and this was a long process. We put a lot of thought into each of those analyses or each claim that we analyzed. We considered them individually with all the information. It is quite difficult, and I apologize, to deal with hypotheticals.

**Senator Downe:** Senator Baker gave an interpretation of the procedures here that is very different from one we received from the law clerk -- I think I have the title right -- a number of weeks ago. I am wondering if we could have some clarification just for a moment on that. I am referring to the question I asked at the beginning, the point of order and Senator Baker's interpretation.

**The Chair:** We have Mr. Patrice here. He might be able to respond to your very specific question.

**Mr. Patrice:** Thank you for your question, senator. Senator Baker, when he was talking about judicial proceeding, was talking in relation of the provision of evidence before a Senate committee or the Senate. He was obviously not suggesting that the committee was a court, a tribunal or an administrative tribunal. The provision in terms of judicial proceedings is in section 118, as was correctly cited by Senator Baker. Historically, that was done in relation in the mid-1900s, that change was done, and I do not remember the date exactly, but it was when the Senate committees used to deal with divorce proceedings. Before that time, before that inclusion and the time, because they were giving testimony under oath, before that time, before the amendment was made, the Attorney General felt that they could not prosecute somebody who gave testimony or false evidence before a Senate committee under oath.

That was the change at the time that was made. Thank you, senator, for pointing to that provision, but it is limited in terms of the provision of evidence and testimony given under oath and all of that. Subsequently, I think in the 1960s, there were some detectives, just in terms of trivia, that were charged for perjury for giving false evidence before a Senate committee on divorce proceedings.

**Senator Baker:** Mr. Chairman, I will get the law clerk also to verify that 136 of the Criminal Code says that in any future judicial proceedings, if evidence is given that is contrary to any evidence given in a previous judicial proceeding with intention to mislead, that the penalty is 14 years in jail if you do it, and that it is covered by section 136 as an offence in a future judicial proceeding. Could he verify that that is almost the exact wording of section 136 of the Criminal Code?

**Mr. Patrice:** It is quite exactly what Senator Baker says in relation to giving false testimony or false evidence under oath.

**Senator Baker:** In a future proceeding.

**Mr. Patrice:** Yes. It was not suggesting that the Senate committee was a court or tribunal.

**The Chair:** Thank you for that clarification. That was important.

**Senator Baker:** A very small question to the two witnesses, who have done their best today, and we certainly appreciate it, with their report.

I guess the reason why, and I am speculating, you have some of these trips as being unfunded, that you were merely following Appendix A, which defines the trips that will be unfunded as laid down by this committee, and that in compliance with those trips that are listed as unfunded in Appendix A, that you arrived at some of the conclusions concerning the senator. Is that correct?

**Mr. Timm:** I think, just to correct, we used Appendix A as a guide. I can flip through a number of these that have nothing to do with Appendix A in a number of these Schedule 2 items.

**Senator Baker:** The one that Senator Segal mentioned.

**Mr. Timm:** As I said, there is a lot of them that we did not use Appendix A at all.

**Senator Baker:** Some of them you did not, but some of them you did.

**Mr. Timm:** We would have used it as a guide in some of them, but as Mr. Stewart pointed out, there was other information. It is not just simply looking at Appendix A. There is other information that we looked at to make our decision and judgments. It is not just Appendix A.

**The Chair:** We will wrap up with Senator Wallin, which will be the final speaker. Then we will wrap it up for the evening.

**Senator Wallin:** Thank you so much. I want to add again to a couple of points. I am sorry, but you can imagine I feel strongly about this.

When the auditors said that they assessed my claims against all available information, this is a very specific point that we raised, when it came to how they determined what common Senate practice was, not even when the rules were written down and were different in 2009 than they were from 2012; that is a separate issue. We all know in any place of work that practice is different from rules, and there comes to be a common practice.

Again, no other senators long-standing were canvassed on that, about how attitudes have changed, how behaviour has changed, what was acceptable, what was not acceptable. I think that leads to the question of what this -- and I think someone alluded to this, that if we go back and retroactively look at what senators have been doing, a lot of the behaviour that was acceptable would not be, and that gets to be a real problem for a lot of us.

Senator White raised a point that -- and, again, it is on this same issue -- that you considered that they were not new rules but just clarifications. That is why, in fact, you told us that the new changes in 2012 were just kind of an amalgamation and a restatement of principles that were there. I think there have been several examples of things that are fundamentally different.

The networking events, for example, which I think is really your phrase, your view was that if there was no backup documentation, you either questioned them or rejected them. This is part of the problem; when you are a senator, you are a senator 24-7, so if you run into someone at an event and they say, "Can we have breakfast tomorrow to discuss the potash decision," I am a senator from Saskatchewan; I will go to that meeting. Do I phone my secretary and say, "Please write that down and phone Joe Blow and ask him to send me six emails so I have backup documentation?" No. I go and meet the guy for breakfast and we talk about it. A lot of our work gets done that way, so it is very hard to just say because there was no backup documentation, it just gets rejected.

I guess when we go back to the question of -- there was one that Senator Mercer raised about could I have done two or three things in one day, which I often do, in that particular case, and I explained, I had phoned Christopher Plummer, he was receiving an honorary degree, and I told him I was not able to attend there as chancellor on Sunday. It turned out that schedules changed and I did attend. That was not in any book, and of course, they found that on the website, so that is fine. And a dinner meeting with a representative of the World Bank, I actually phoned and

followed up on this, which did occur the night before as opposed to that. This is part of the problem with memories in 2009.

I want to make one comment on the chancellor role because I think Senator Kinsella spoke to that quite eloquently. There are lots of times as a chancellor that you go and stand there and just hand the kids their degree and take a picture with them and that, but as a chancellor, if you are again an activist and active about this, you are busy.

I was in Guelph for three days doing meetings on food scarcity, and the U.S. ambassador was there and the former Governor General was there. Yes, I may have been -- and I was actually hosting the event, which relates to I guess my abilities in my earlier life as a journalist. You do not stop being one thing to become another; you bring all of that to the table. And I think that is why many of us end up in the Senate, because we have this wide range of experiences that you bring and you come to play.

So it is not that I just went there as a senator or I just went there as a chancellor or I just went there as a former broadcaster; I went there because of who I am today, at this advanced age. I think it is something we really have to wrestle with, which is what we want senators to do and be.

To Senator Segal's point about partisan activities, of course we are appointed in a partisan manner; a prime minister chooses you, although some were appointed by opposite parties. This is an important thing. We cannot deny that side of ourselves, either. And there are specific rules around election campaigns. I understand and agree with that, but if you are going out into a community to do some work for a fellow MP or a fellow senator or whatever it may be and you go to the legion to talk to veterans because that is part of your interest, then you are doing the full range of your activities as a senator, and that is what I think we should be bringing to the table.

I will not go into any more of it. Thank you very much for your time.

**The Chair:** Thank you. Colleagues, it has been a very long day. Some of you have travelled far and some of us have been going on since very early morning, so I will ask that we wrap up at this time.

Tomorrow, at nine o'clock, we will deal with the report itself, which will be suggested by the steering committee. As well at that time, if you do not mind, we will deal with Senator Tkachuk's issue of the leak, which I indicated earlier on is extremely important that we deal with. We have some proposals on that.

Is there anything else at this time?

**Senator Downe:** Do you want the copies of the report?

**The Chair:** Yes, I think that would be useful. It is not public yet. If you would not mind, I would like --

**Senator Downe:** You have mine. If it ends up the news, it is not mine.

**The Chair:** Please put your name on it if you have made notes. Just before we send them along their way, thank you very much to the auditors. Did you have any closing comments?

**Mr. Stewart:** No comments, just a question. Are we scheduled to come back tomorrow? Do you need us back?

**The Chair:** I will ask the committee, but it might be a good idea if we could have you here.

**Mr. O'Brien:** Yes, you are scheduled to be here tomorrow.

**The Chair:** Okay, good. Meeting adjourned.

(The committee adjourned.)